

OCTOBER LOGISTICS 2015 MARKET SNAPSHOT

MULTIMODAL:

Dow Jones Transportation Index	Dow Jones Transportation index increased 2.9% during the month of September 2015. <i>(Stock performance of twenty large, well-known U.S. companies in the transportation industry, average of September 10th thru October 10th)</i>
NASDAQ Transportation Index	NASDAQ Transportation Index increased 1.04% in September 2015. <i>(Averaged share weights of NASDAQ-listed companies classified as transportation companies, average of September 10th thru October 10th)</i>
DOT Freight Transportation Index	The USDOT's freight transportation services index rose 0.2% in August 2015. The index's reading of 123.5 was 30.4% above the April 2009 low during the most recent recession, and the level of freight shipments measured by the Freight TSI was at an all-time high , exceeding the previous high of 123.4 in November 2014. (Source: US DOT)
Cass Freight Index	The September shipments index increased 1.7% from the previous month and decreased 1.5% year-over-year. The September expenditures index increased 2.4% for the month, and decreased 6.6% year-over-year. (Source: Cass Information Systems Cassinfo.com) <i>(Based upon transportation dollars and shipments of Cass clients comprised of over 400 shipping companies)</i>
Import Volumes	In August, the U.S. imported \$192.4 billion of cargo, increasing 1.3% from July 2015. (Source: US Census)
Export Volumes	In August, the U.S. exported \$124.5 billion of cargo, decreasing 3.2% from July 2015. This was the lowest amount exported since June 2011. (Source: US Census)
Import & Export Price Index	U.S. import prices decreased 0.1% in September, after decreasing 1.6% the previous month. The continued downward trend in nonfuel import prices more than offset an advance in fuel prices. U.S. export prices decreased 0.7% in September, after a 1.4% decline the previous month. (Source: Bureau of Labor Statistics)
E-Commerce	E-Commerce revenue in September 2015 is estimated to be up 11% year-over-year. This September, the share of mobile orders (phone and tablet) out of all e-commerce orders has increased to 28%, up from 23% in 2014. (Source: Custora E-Commerce Pulse)
Multimodal News Clips:	<ul style="list-style-type: none"> U.S. light vehicle sales were a seasonally adjusted and annualized 18.1 million in September 2015, up from August's 17.8 million. This is the highest amount since July 2005. (Source: AAR) UPS has made a significant expansion to its UPS Worldwide Express service by adding more than 41,000 global postal codes, which it said will result in earlier guaranteed-delivery options for shippers that only previously had end-of-day guarantees. (Source: Supply Chain 24/7)

RAIL:

U.S. Freight Rail Traffic	Total carloads in September 2015 decreased 4.9% from September 2014. Weekly average total carloads in September 2015 were 283,550, the second lowest September on record since 2009 . (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
U.S. Intermodal Rail Traffic	Intermodal rail traffic in September 2015 was 1.2% higher , year-over-year. The weekly average of 273,196 units in September set a new record for September , breaking the old record set in September 2014. (Source: AAR.org) <i>(Report includes rail car-loadings by 19 different major commodity categories as well as intermodal units)</i>
Railroad Fuel Price Index	The index of average railroad fuel prices in August 2015 was 319.4, down 10.0% from the previous month and 45.3% lower year-over-year. (Source: AAR.org) <i>(Average monthly price for gallons purchased by freight railroads; Includes federal excise taxes, transportation, and handling expenses)</i>
Class 1 Railroad Employment	Railroad employment in August 2015 decreased 1.19% from the previous month , to 168,997 employees total, the fourth straight month-to-month decline. Total Class 1 rail employment in August increased 0.6% , year-over-year. (Source: U.S. STB)
Short Line Rail Traffic	In September 2015, short line railroad shipments across North America fell 10.4% compared to the same month last year. A sampling of about 431 small railroads in the U.S. and Canada loaded 684,531 railcars and intermodal units during the month of September. (Source: RailConnect Index GE Transportation)
Railroad News Clips:	<ul style="list-style-type: none"> New legislation was introduced that called for an extension of the Positive Train Control (PTC) deadline. The bill would extend the 2015 PTC implementation deadline to the end of 2018. The objective of PTC systems is to prevent train-to-train collisions, over-speed derailments, and incursions into roadway work limits. (Source: Logistics Management)

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TRUCKING:

Trucking Volume

The ATA's seasonally adjusted For-Hire Truck Tonnage index **decreased 0.9% to 134.2** in August 2015. The index **increased 2.1%** from August 2014, which was below the 4% gain in July. (Source: American Trucking Association | Trucking.org)

Truckload Freight

The spot market for truckload freight in September **decreased 0.8%** compared to the previous month, and was **38% lower** year-over-year. Truck capacity **increased 2.6%** for the month, and **increased 25%** year-over-year. (Source: DAT Trendlines | www.dat.com)

Diesel Prices

U.S. average diesel prices fell to **\$2.49 per gallon** last week. The U.S. average diesel price was **\$1.24 lower** than the same week last year. The average price of diesel in the lower Atlantic states was **\$2.43 per gallon**. (Source: U.S. DOE) *(Reflects the costs and profits of the entire production and distribution chain.)*

Trucking Employment

The trucking industry workforce **decreased by 4,000 employees** in September. The trucking workforce **increased 2.05%** over the previous year. (Source: U.S. Bureau of Labor Statistics)

Truck Orders

Preliminary data for heavy-duty Class 8 trucks net orders in North America fell to **19,460 units** in September 2015. September orders were **0.4% lower** than the previous month and **21% lower** than a year ago. (Source: FTR Associates | ftrassociates.com)

NAFTA Trade

Surface transport-related trade between the U.S. and its NAFTA partners, Canada and Mexico totaled \$93.0 billion in July 2015, **decreasing 8.0%** year-over-year. (Source: US DOT)

Trucking News Clips:

- The American Trucking Association reported that the current shortage of truck drivers now stands at almost 48,000 and has the potential to go higher, due in large to industry growth and drivers on the way to retirement. The ATA also reported that if current trends remain intact, the shortage could rise to 175,000 by 2024. (Source: American Trucking Association)
- Third-party logistics provider UTi Worldwide has entered into a definitive agreement to be acquired by Denmark-based global 3PL DSV for \$1.35 billion and \$7.10 per share. The transaction is expected to be completed between January 1, 2016 and March 31, 2016. (Source: Supply Chain 24/7)

AIR FREIGHT:

Air Cargo Traffic

Global air freight traffic in August **increased 0.2%** from one year ago, and **increased 0.1%** from the previous month. (Source: IATA.org)
(Global air freight covers international and domestic scheduled air traffic.)

Atlanta Air Cargo Traffic

In August, Hartsfield-Jackson Atlanta International Airport transported **50,921 metric tons** of cargo, a **0.10% increase** from the previous month and a **2.43% decrease** year-over-year. (Source: HJIA)

Air Freight Price Index

The East-West Air Freight Price Index **increased 3.7** points in August to 93.7 points, **up 4.1%** from the previous month. (Source: Drewry) *(The Drewry East-West Air Freight Price Index is based on the average of rates (\$US per kg) for air freight services on 21 major East-West routes.)*

Jet Fuel Prices

As of September 18, 2015, the global average jet fuel price was \$60.1 per barrel; **down 0.9%** from the previous month, and **46.9% lower** year-over-year. (Source: IATA.org, platts.com)
(The weekly index and price data shows the global average price paid at the refinery for aviation jet fuel)

Air Freight News Clips:

- Worldwide sales of semiconductors were \$27.7 billion during August 2015, a decrease of 3.0% over the previous year and a 0.5% decrease compared to July 2015. Regionally, year-to-year sales have increased in China, but decreased in the Americas, Europe, Japan, and Asia Pacific/All Other. (Source: Semiconductor Industry Association)

OCEAN FREIGHT:

Import Volumes

In August, the latest month for which after-the-fact numbers are available, U.S. container ports handled 1.68 million TEUs, a **3.9% increase** from the previous month and a **10.4% increase** from the same month last year. (Source: NRF/Hackett Associates)

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Shanghai Containerized Freight Index

The October 9 SCFI comprehensive reading was **\$533.91 per FEU**; **down 20.6%** from last month. The spot rate for shipments to the U.S. East Coast was **\$2,199 per FEU**, **down 17.6%** from the previous month. (Source: Shanghai Shipping Exchange | www1.chineseshipping.com.cn/en)
(The Shanghai Containerized Freight Index is a weekly reported average export spot rate from Shanghai for 15 different trade lanes.)

Ocean Bulk Freight Rates

The Baltic Dry Index **fell 2.52%** in September, ending at 888. The BDI has **decreased 15.1%** year-to-date. (Source: www.bloomberg.com/quote/BDIY:IND)
(The Baltic Dry Index is an index that tracks and averages worldwide international shipping prices of various dry bulk cargoes.)

TSA Bunker Surcharges

Between October 1 and December 31 2015, the bunker fuel surcharge will total **\$324 per FEU** for shipments to the West coast ocean ports and **\$621 per FEU** for shipments to the East coast and Gulf ports. (Source: Transpacific Stabilization Agreement) (The Transpacific Stabilization Agreement is a research and discussion forum of major ocean container shipping lines that carry cargo from Asia to ports in the U.S.)

Port of Savannah

Port of Savannah moved 315,175 TEUs in August 2015, a **4.4% increase** compared to August 2014. (Source: GPA)

Port of Brunswick

The Georgia Ports Authority board approved a project that will refurbish the concrete wharf at Mayor's Point Terminal in Brunswick. The improvements will secure the critical role Mayor's Point plays in the export of Southeastern forest products. (Source: GPA)

Ocean Freight Business News:

- The Port of Savannah received its first citrus imports from Peru this month. The first container of imported produce to undergo cold-treatment arrived at the Port, carrying tangelos from Peru. The tangelos are part of a pilot program in which citrus, grapes, and blueberries are chilled for at least 17 days prior to entry into the U.S. to protect against fruit flies. (Source: GPA)
- Continuing the work on the Savannah Harbor Expansion Project, the 200-foot Great Lakes Dredge and Dock vessel the Alaska began work on a \$134.5 million contract issued to dredge the 18.5-mile outer harbor to 49 feet at mean low water. (Source: GPA)

WAREHOUSING & DISTRIBUTION:

Industrial Vacancy

U.S. industrial vacancy now stands at a **cyclical low of 7.3%**, lower than at any other point in the cycle before the recession. Of the 60 markets tracked, 19 boast a vacancy below 5%. (Source: Cassidy Turley)

Warehouse Rent Rates

In Q2 2015, warehouse and distribution rental rates in the U.S. grew at their fastest pace since the beginning of 2008, hitting \$5.42/NNN (triple net lease). This is up 4.8% from the second quarter of 2014, when rents average \$5.18/NNN. Rental rates for warehouse space **averaged \$3.81/NNN in Atlanta, up 8.2%** from the previous year. (Source: Cassidy Turley)

Industrial Absorption

Net absorption in the US during Q2 2015 totaled more than **46.1 million square feet**. This brings the midyear total to 86.5 million square feet, a **22% increase from the same quarter one year ago**. (Source: Cassidy Turley) (Absorption is the net change in occupied space between two points in time. Positive absorption means that previously unoccupied space is being occupied.)

Purchasing Managers Index

The National PMI **fell to 50.2%** in September 2015, a **decrease of 0.9%** over the previous month. September was the 34th straight month where the PMI was above 50. New orders **decreased 1.6 points** to 50.1%. Production **decreased 1.8 points** to 51.8%. (Source: Institute for Supply Management)
(The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)

Purchasing Managers Index in Georgia

Georgia's PMI **increased 3 points** to 48.9 in September. New orders in Georgia **increased 8.2 points** to 52.6 and production **increased 10.0 points** to 52.6. Georgia's PMI is now **1.3 points below** the national PMI. (Source: Kennesaw State University) (The PMI combines data on new orders, inventory, production, supplier deliveries, and employment. A reading above 50 indicates that the manufacturing economy is generally expanding.)

W&D Business News:

- Sandler AG, a German textile supplier, will complete construction of a manufacturing plant in Perry, GA. This represents an investment of more than \$30 million and will create more than 140 new jobs in Houston County. (Source: Georgia.org)
- Boeing Commercial Airplanes will invest \$81.7 million to retrofit and equip their existing defense-related facility in Macon-Bibb County for the manufacturing of 747-8 fuselage panels, creating up to 200 new jobs over the next three years. Upgrades and improvements to the existing 200,000 sqft facility will include modifications to the building and existing equipment and installation of new equipment. (Source: Georgia.org)

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U.S. MARKET:

Gross Domestic Product	The U.S. GDP increased an annualized 3.9% in the second quarter of 2015 according to the most recent estimate released by the Bureau of Economic Analysis on September 25. (Source: US BEA)
U.S. Trade Deficit	The U.S. trade deficit increased 15.2% in August to \$48.3 billion. Exports decreased 1.80% to \$185.1 billion and imports increased 1.30% to \$233.4 billion. (Source: US DOC & Census Bureau)
Consumer Confidence	The Consumer Confidence Index increased to 103.0 in September 2015, up 1.67% from a revised 101.3 in August. (Source: The Conference Board) <i>(The consumer confidence index is based on a monthly survey of 5,000 U.S. household. It is designed to gauge the financial health, spending power, and confidence of the average U.S. consumer.)</i>
Unemployment Rate	The unemployment rate in America remained unchanged at 5.1% in September 2015. A preliminary 142,000 net new jobs were created in September 2015. (Source: US DOL)
Leading Economic Index	The Leading Economic Index for the U.S. increased 0.1% in August to 123.7 (2004=100), no change in July 2015, and a 0.6% increase in June. (Source: Conference Board) <i>(The LEI is a composite of 10 economic indicators that together create an analytic system designed to signal peaks and troughs in the business cycle. The LEI reveals patterns in economic data in a clearer and more convincing manner than any individual component alone.)</i>
Retail Sales	Retail and food service sales increased in September to \$447.7 billion, up 0.1% from the previous month, and up 2.4% above September 2014. Non-store retailer sales were down 0.3% from last year. (Source: US Census)
Manufacturing & Trade Sales	Total combined sales and manufacturing shipments totaled nearly \$1.320 trillion in August 2015, down 0.6% from July and down 3.1% from the previous year. (Source: US Census)
Manufacturing & Trade Inventory	Total value of inventory on hand is estimated at \$1.811 trillion in August, unchanged from July 2015, and up 2.4% from August 2014. (Source: US Census)
Housing Starts	In August 2015, housing starts decreased 3.0% from the previous month to an annual rate of 1,126,000 units. Starts for single-family homes were an annualized 739,000 in August 2015, a 3.0% decrease from July 2015. The index of pending home sales (sales that haven't closed yet but contracts have been signed) was 109.4 in August 2015, down 1.4% from the previous month and up 6.1% from August 2014. (Source: U.S. DOC)
Consumer & Producer Price Index	The consumer price index for all urban consumers decreased 0.2% in September on a seasonally adjusted basis from the previous month. Over the last 12 months, the all items index was essentially unchanged before seasonal adjustment. The producer price index for final demand decreased 0.5% in September from the previous month. Prices for finished goods decreased 1.2% from the previous month. (Source: US Bureau of Labor Statistics)

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